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RUEHDM/AMEMBASSY DAMASCUS 0181
RUEHLO/AMEMBASSY LONDON 1354
RUEHMK/AMEMBASSY MANAMA 0047
RUEHRO/AMEMBASSY ROME 0088
RUEATRS/DEPT OF TREASURY WASHDC
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C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 004727

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PASS TO TODD HINNEN AT THE NSC

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TAGS: [ECON](#) [EFIN](#) [KTFN](#) [PREL](#) [PGOV](#)

SUBJECT: GOI HIGH INTER-MINISTERIAL COMMITTEE ON IRAQI
ASSETS

REF: A. ROME 2051

Classified By: Acting Economic Minister-Counselor Edward Kloth for reasons 1.4 (b) and (d)

¶1. (SBU) Action request, see para 11.

¶2. (C) Summary. Dr. Dahill, one of Deputy Prime Minister (DPM) Barham Salih's Senior Staff, told Emboff on December 19, 2006 that the GOI High Inter-Ministerial Committee on Iraqi Assets is reviewing all former regime assets in other countries that are frozen, but not yet transferred to the Development Fund for Iraq (DFI), as required by United Nations Security Council Resolution (UNSCR) 1483. In particular, he noted six companies that the GOI is studying carefully -- two in the United Kingdom, two in Jordan, and one each in Tunisia and the United Arab Emirates (U.A.E.). He said the GOI places a particularly high priority on the recovery of assets located in Jordan and Lebanon. He also mentioned the importance of recovering assets in Bahrain (\$180 million) and Egypt (\$75 million). He is preparing an official report for the GOI and would be interested in whether the USG can be of assistance with the recovery of these assets. End summary.

HIGH INTER-MINISTERIAL COMMITTEE ON IRAQI ASSETS

¶3. (C) Dr. Dahill told Emboff on December 19, that the GOI has a High Inter-Ministerial Committee on Iraqi Assets comprised of the Ministers of Finance, Foreign Affairs, Interior, Trade, Justice, the Central Bank of Iraq (CBI), and other legal entities. (Note: PM Maliki issued a Prime Ministerial Order on June 12, 2006, providing the Economic Ministerial Committee led by DPM Barham Salih with the responsibility of retrieving Iraqi assets abroad. This sub-committee of the Economic Ministerial Committee focuses on this effort. End Note). Dahill said that the High Inter-Ministerial Committee on Iraqi Assets is examining financial records of former regime assets in six companies in other countries -- two in the United Kingdom, two in Jordan, and one each in Tunisia and the U.A.E. There is also a Technical Committee comprised of staff level representatives from CBI, the Finance Ministry, and the Rafidain and Rasheed Banks that reviews the financial records. The Technical Committee reports to the High Inter-Ministerial Committee on

Iraqi Assets. He invited Post to meet with this Technical Committee, and said that the committee would share GOI papers, including information on the six companies being studied by the GOI, at this time.

GOI PRIORITY COUNTRIES FOR PURSUING ASSETS

¶4. (C) Dr. Dahill said that Lebanon and Jordan are the GOI's priority countries for pursuing assets. He asked for USG assistance with these efforts. He noted that a technical team will be visiting these two countries sometime in early ¶2007. Most of the funds in Lebanon came from cash deposits from a ten percent overcharge on oil contracts during the Saddam-era. Approximately \$500 million in assets held by CBI in Lebanese banks needs to be returned. He also said that there are other funds in the Trade Bank of Lebanon that are not registered, but did not specify the amount.

¶5. (C) Dahill said the Government of Jordan (GOJ) initially refused to accept any delegation from the GOI to check on the financial records of former regime Iraqi assets. The GOJ has since decided to allow a technical team to visit Jordan to examine claims and determine their validity. Approximately \$310 million was paid to Jordanian companies in response to commercial claims against Iraq.

OTHER COUNTRIES

¶6. (C) Dr. Dahill said the GOI has recovered most of the

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former regime assets from Syria, including \$272 million that was transferred last year (September 2005) from Syria to the DFI. He noted, however, that there are \$463 million in prior claims paid out to Syrian private entities. He said the GOI sent a technical team to Syria on four occasions to review claims and that a letter was also delivered instructing the Syrian Government to return the assets to the DFI. He noted that the Syrian Government has not yet responded to this letter. When asked, he said that the GOI currently does not have plans to send another technical team to Syria to resolve these claims.

¶7. (C) Dr. Dahill is interested in pursuing the \$145 million in assets in Switzerland and welcomed any assistance the USG can provide. He also said that the GOI has not engaged the Bank for International Settlements (BIS), which holds approximately \$349 million in CBI funds. These assets are tied to roughly \$317 million paid to a Thai rice company (Chaiyaporn Rice Company - CRC, of Bangkok, Thailand) and another \$32 million paid to a Swiss pharmaceutical company (Novartis AG of Basel, Switzerland).

¶8. (C) Dr. Dahill mentioned \$75 million of former regime assets in Egypt. These funds are tied to an oil contract between an Egyptian company and the Ministry of Oil. He also said the GOI has \$180 million in deposits in Bahrain. The GOI is examining former regime assets in the United Kingdom, and Dr. Dahill said he would provide more details at a later date.

¶9. (C) Post is aware of \$6 million in remaining Iraqi assets in the UBAE Arab Italian Bank in Italy (ref A). Dr. Dahill said the amount of frozen assets in Italy is actually higher -- \$6 billion -- and comes from contracts signed in 1988 and 1989 with the Government of Italy to supply military ships. He said the Government of Italy received the funds, but failed to provide the ships. He stated that two or three teams have been sent to Italy to resolve the issue and that the GOI is in discussions with Italy's Defense Ministry.

COMMENTS AND ACTION REQUEST

¶10. (C) Post is encouraged that the GOI is interested in pursuing Iraqi assets and has assembled a High Inter-Ministerial Committee and a Technical Committee to work on these efforts. There is renewed energy on this issue at senior levels of the GOI. Post will need to obtain detailed records from the GOI Technical Committee before we can assess the issues associated with the assets.

¶11. (SBU) Action Request: Post requests that the Department provide us with their view on whether the USG would be willing to provide assistance to the GOI in recovering frozen former regime assets, particularly in the priority countries (Lebanon and Jordan).
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